

Message Text

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ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 IGA-01 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 AGR-05

DODE-00 PM-03 H-02 L-03 NSC-05 PA-01 PRS-01 SS-15

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P R 081330Z JUL 75

FM AMEMBASSY NDJAMENA

TO SECSTATE WASHDC PRIORITY 9849

INFO AMEMBASSY PARIS

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PASS AID

E O 11652: NA

TAGS: EINV, EAID, CD

SUBJ: PRESIDENT MALLOUN DISCUSSED US INVESTMENT CHAD AND
REQUESTS ASSISTANCE IN EVALUATING AMERICAN BUSINESSMAN

1. ON MORNING JULY 7 I WAS REQUESTED TO MEET SAME AFTERNOON
WITH PRESIDENT SUPREME MILITARY COUNCIL AND CHIEF OF STATE
BRIG GEN FELIX MALLOUM. GEN MALLOUM RECEIVED ME AT 1600
HOURS TOGETHER WITH MINISTER OF LAND MANAGEMENT AND ENVIRON-
MENT MAJOR ROASNGAR M'BAINDOLOUMAL, WHO ACTING FOREIGN MINISTER.

2. GEN MALLOUM OPENED CONVERSATION BY REGRETTING THE PRESS
OF AFFAIRS HAD NOT PERMITTED HIM ATTEND PERSONALLY AMBASSADOR'S
JULY 4 RECEPTION, AND ASKED THAT HIS EXCUSES BE CONVEYED TO
AMBASSADOR, I EXPRESSED AMBASSADOR'S UNDERSTANDING AND APPRE-
CIATION THAT HE HAD DESIGNATED TWO MEMBERS SMC (ROASNGAR
AND MINISTER AGRICULTURE GOUARA LASSOU) TO REPRESENT SMC,
AND SAID WOULD CONVEY HIS SENTIMENTS TO AMBASSADOR UPON LATTER'S
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RETURN FROM LEAVE. GEN MALLOUM THEN ENQUIRED IF EMBASSY WAS

GETTING KIND OF COOPERATION FROM GOC IN AID AND OTHER AREAS THAT IT THOUGHT IT SHOULD, ADDING THAT HE AWARE MANY EMBASSIES HAVING PROBLEMS IN TRANSITIONAL PERIOD WHILE NEW GOVERNMENT BEING ESTABLISHED. I REPLIED THAT AMBASSADOR LITTLE AND AID AUTHORITIES HAD BEEN PLEASED TO SIGN ON JUNE 21 TWO SIGNIFICANT US/CHADIAN ASSISTANCE PROGRAMS, AND THAT THIS HAD BEEN URGENT SO AS TO UTILIZE FUNDS EARMARKED FOR CHAD BEFORE THE END OF THE USG FISCAL YEAR. USG UNDERSTOOD PROBLEMS NEW GOVERNMENT, I CONTINUED, AND WITH APPOINTMENT DURING LAST WEEK JUNE NEW GOC OFFICIALS AT DIRECTOR LEVEL EMBASSY AND AID OFFICIALS NDJAMENA LOOKED FORWARD TO PERIOD CLOSER AND MORE EFFICIENT COOPERATION. GEN MALLOUM EXPRESSED APPRECIATION FOR UNDERSTANDING OF HIS BELIEF THAT NEW GOVERNMENT SHOULD PROCEED SLOWLY AND SURELY RATHER THAN IN HASTE. HE THEN SAID HE HAD TWO PARTICULAR TOPICS HE WISHES TO RAISE, ONE REGARDING ACTIVITIES US BUSINESSMEN IN CHAD AND ONE OF MILITARY NATURE (SEPTTEL).

3. WITH REGARD AMERICAN BUSINESS ACTIVITY CHAD, GEN MALLOUM SAID THAT CHAD WELCOMED SUCH ACTIVITY WHEN IT MAKES CONTRIBUTION TO DEVELOPMENT OF CHAD, BUT ENTERPRISES WHICH ONLY PROFIT AT EXPENSE OF CHAD ARE UNDESIRABLE. GEN MALLOUM ADDED THAT HE HOPED IN FUTURE EMB WOULD ENCOURAGE ONLY THOSE OF FIRST TYPE TO TAKE INTEREST IN CHAD AND THAT EMB COULD ADVISE GOC OF QUALITY OF REPUTATION OF AMERICAN BUSINESSMEN WISHING DO BUSINESS CHAD, AS THERE ARE MANY INDIVIDUALS OF ALL NATIONALITIES INTERESTED ONLY IN MAKING QUICK AND EASY PROFIT. I EXPLAINED TO GEN MALLOUM THAT IN LARGE FREE ENTERPRISE SYSTEM SUCH AS AMERICAN, USG COULD NOT ACT AS GUARANTOR FOR INDIVIDUAL BUSINESSMEN NOR COULD EMBASSY GIVE RECOMMENDATION OR PREFERENCE FOR ONE AMERICAN CITIZEN OR COMPANY OVER ANOTHER. EMBASSY WOULD BE VERY PLEASED, HOWEVER, TO SUGGEST TO SUCH APPROPRIATE GOC OFFICIALS AS GEN MALLOUM MIGHT DESIGNATE METHODS BY WHICH GOC MIGHT BE ABLE DEVELOP INFORMATION IT REQUIRES, AND I WOULD IN FACT URGE GOC TO DO SO BEFORE ENTERING INTO ANY SERIOUS OBLIGATION WITH ANY FOREIGN BUSINESSMAN. GOC MIGHT, FOR EXAMPLE, UTILIZE ITS OWN OR COMMERCIAL CHADIAN BANKS DEVELOPMENT INFORMATION BY MEANS CORRESPONDENT BANKS ABROAD DETERMINE REPUTATION BUSINESSMEN. ALSO, I CONTINUED, HIGHLY REPUTABLE FIRMS EXIST IN US EXPRESSLY FOR THIS PURPOSE, AND LIMITED OFFICIAL USE

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GOC FOR RELATIVELY SMALL COST, EITHER DIRECTLY OR THROUGH ITS EMBASSIES MIGHT OBTAIN INFORMATION ON FOREIGN BUSINESS INCLUDING GENERAL REPUTATION, SIZE, FINANCIAL STRENGTH, CREDIT WORTHINESS, ETC. EMB AND USG, HOWEVER, COULD NOT MAKE SUCH REPORTS ON PRIVATE AMERICAN CITIZENS OR FIRMS AND, INDEED, GIVEN ENORMOUS SIZE AMERICAN BUSINESS COMMUNITY, IT QUITE POSSIBLE FOR INDIVIDUAL AMERICAN FIRMS ENTER INTO BUSINESS RELATIONSHIPS WITH CHADIAN FIRMS WITHOUT KNOWLEDGE OF EMBASSY, AS THERE NO USG

REQUIREMENT THAT BUSINESSMEN KEEP EMB INFORMED. IT WOULD BE HELPFUL, HOWEVER, IF GEN MALLOUM COULD GIVE ME SOME INDICATION OF SPECIFIC EXAMPLES HE HAD IN MIND.

4. GEN MALLOUM STRESSED THAT HE WAS NOT REFERRING TO AMERICAN FIRMS EXCLUSIVELY, AND CITED EXAMPLE BRUSSELS FIRM (S.C.A.?) WHICH MADE LARGE PROFITS IN CHAD WITHOUT BENEFIT TO COUNTRY. SECOND EXAMPLE IS AGRICOLA (AMERICAN-OWNED FIRM, WHICH HAS TOMBALBAYE DECREE GIVING MONOPILY SALE GUM ARABIC AND HAS CONCESSION TO ESTABLISH PLANTATION FOR CULTIVATED GUM ACACIA TREES. IMMANUEL LICHTENSTEIN, PRINCETON, N.J. 08540, PRESIDENT). I REPLIED I NOT KNOWLEDGABLE REGARDING DETAILS BRUSSELS CASE, BUT THAT I SURPRISED AT MENTION AGRICOLA WHICH INsofar AS I AWARE OFFERED PROPOSAL WHICH COULD RESULT CONSIDERABLE BENEFIT TO CHAD AS WELL AS COMPANY AND WHICH, IT WAS MY UNDERSTANDING, COULD BRING INVESTMENT US FUNDS IN CHAD. AGRICOLA IS FIRST US COMPANY RECEIVE OPIC INSURANCE FOR ITS PROJECT CHAD, AN INDICATION THAT PROJECT APPEARED REASONABLE. I ADDED THAT I ALSO AWARE THAT WITHIN LOCAL FOREIGN BUSINESS COMMUNITY THERE EXISTED SOME FEELING THAT AGRICOLA HAD RECEIVED PREFERENTIAL TREATMENT, BUT I WONDERED IF THESE CRITICS DID NOT HAVE OWN AXE TO GRIND. CERTAINLY I CONCLUDED NEW GOVERNMENT WOULD WISH TO EXAMINE QUESTION OF SUCH COMMODITY-WIDE AGREEMENTS WITH FOREIGN FIRMS, BUT I TRUSTED THAT BOTH SIDES WOULD BE WEIGHED CAREFULLY

AND IN CONTEXT OUTSTANDING CONTRACTUAL AGREEMENTS. GEN MALLOUM, WHO EVIDENTLY NOT INCLINED PURSUE THIS LAST EXAMPLE, STATED THAT HE WAS PARTICULARLY CONCERNED FOR THE FUTURE RATHER THAN THE PAST AND WE BOTH RESTATED IN ABBREVIATED FORM RESPECTIVE POSITIONS TAKEN PARA 3 ABOVE. DISCUSSION THEN TURNED OTHER MATTERS (SEPTEL).

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ACTION AF-06

INFO OCT-01 EUR-12 ISO-00 IGA-01 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

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P R 081330Z JUL 75

FM AMEMBASSY NDJAMENA

TO SECSTATE WASHDC PRIORITY 9850

INFO AMEMBASSY PARIS

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PASS AID

5. COMMENT: I AM NOT SURE WHETHER GEN MALLOUM INTENDS THAT GOC SHOULD LIVE UP TO ITS END OF WHAT HE OBVIOUSLY CONSIDERS TO HAVE BEEN AN UNFAVORABLE DEAL WITH AGRICOLA OR WHETHER THIS WAS A WARNING THAT GOC INTENDS BACK OUT. EMBOFF UNDERSTOOD FROM LAST VISIT LICHTENSTEIN IN MID MAY THAT DISPUTE EXISTS BETWEEN AGRICOLA AND LOCAL FRENCH-OWNED COMPANY, SONOCOT, OVER DISTRIBUTION PROFITS WILD GUM ARABIC COLLECTED BY AGENTS OF LATTER AND SOME QUESTIONS MAY BE OUTSTANDING REGARDING TERMS UNDER WHICH AGRICOLA IS TO UNDERTAKE PLANTATION. EMBOFF SAW LOCAL AMERICAN EMPLOYEE AGRICOLA JULY 7 WHO GAVE NO INDICATION ANY NEW OR IMMEDIATE PROBLEMS. (WITH REGARD LARGER VIEW US COMMERCIAL INTERESTS IN CHAD, WOULD APPRECIATE RESPONSE QUESTIONS RAISED NDJAMENA 1446 AND AGAIN NDJAMENA 1589.) DWYER

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